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Approved For Release 2005/03/24 : CIA-RDP91T01172R000200280044-3

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COMMENT ON THE FALL OF THE AUSTRIAN GOVERNMENT

1. Austria's chronic economic difficulties and the political disputes to which they have for several years given rise have finally brought about the resignation of the coalition Socialist-People's Party (conservative) government. Despite the hasty return to Vienna of Chancellor Figl (People's Party--OeVP) and Vice-Chancellor Schaerf (Socialist--SPOe) from sojourns in the Low Countries and Italy respectively, the coalition parties were unable to agree upon a draft 1953 budget. According to the Austrian Constitution, such a budget was required for submission to the Parliament by midnight, 22 October, or the Cabinet resign. Conferences between party leaders before President Koerner were not able to bring about agreement in time to avert the Cabinet's resignation.
2. Ostensibly, the crisis was brought on by the refusal of Minister of Finance Ramitz (OeVP) to include in the budget additional funds for social welfare and housing projects, the railroads, and the police. Actually, the dispute is a reflection of the opposing economic philosophies of the two coalition parties, and of diverging views as to how full employment can be maintained within the framework of financial and economic stability. The Socialists have long demanded a continuation of long-term public investments, primarily in basic industries, while the People's Party has held that budgeted investments must be held within available revenues, that monetary stability must be maintained, and that in the allotment of investment funds, more emphasis must be placed upon private enterprises promising quicker returns in consumers' items. The two parties have apparently concluded that a compromise of these diverging views within the budget would involve concessions damaging to their respective positions in the parliamentary elections which had been scheduled for April 1953.
3. The probable general effect of the collapse of the government is to advance by several months the elections which were certain to come in any case during 1953. It is not clear, however, how soon the necessary preparations for these elections can actually be carried out, and some kind of caretaker government--either coalition or possibly People's Party alone--be established. Very likely, in any case, Figl will be retained as Chancellor in the interim period to execute the necessary functions of government.
4. While election periods in Austria always offer special opportunities for Soviet interference, there is no particular reason to fear a Soviet-Communist attempt to subvert the normal election procedures. The two previous parliamentary elections, as well as the last presidential election, were carried out without any serious Soviet interference.
5. The United States and its occupation policies are certain to be targets in the election campaign whenever it gets underway. In endeavoring to promote economic recovery, the United States has incurred the ire on occasions of both coalition parties, and right-wing extremists have demonstrated that they are not above exploiting the increasing occupation weariness of the Austrian people.

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Document No.	096
No Change in Class.	<input type="checkbox"/> 25X1
<input checked="" type="checkbox"/> Declassified	
Auth: 79-2	
Date: 06 JUL 1978	
Rv:	